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HARDING
UNIVERSITY



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The

The Belden Center for Private Enterprise Education
Harding University School of Business

entrepreneur

This issue courtesy of Mr. Ned Martin, President, Martin-Tomlinson Roofing Company, Inc., Dallas, Texas.

The Economic Enlightenment Role of a Private University

HARDING UNIVERSITY ECONOMICS TEAM WINS NATIONAL COMPETITION

The Harding University Economics Team has defeated college and university teams from ten regions to win the 1979-80 National "Students in Free Enterprise" Championship in Dallas, Texas, July 13-15, 1980. This climaxed the competition which began a year ago with nearly 200 colleges and 6,000 students from around the country.

The team received a first place trophy and a check for \$2,500 for the university's general fund. A ten-day trip to Europe, courtesy of Pan-American Airways and the Intercontinental Hotels, was awarded to the faculty sponsor, Dr. Don Diffine, Associate Professor of Economics and Director for the Center for Private Enterprise Education.

Harding's "Capitalism Corps" is composed of members Ted Thompson of Indianapolis, Indiana, Jake Jensen of Milwaukee, Wisconsin, Walt Buce of Bartlesville, Oklahoma, Phyllis Higgins of Memphis, Tennessee, Sally Florence of Columbus, Ohio, Susan Collins of Atlanta, Georgia, David Garver of Rolla, Missouri, and Paul Holliman of Bartlesville, Oklahoma.

Through the only volunteer student-staffed Center for Private Enterprise Education in the country, the economics team has worked to support a system in which one is "free" to be anything he wants if he has "enterprise" to do it. At the National Finals, the economics team members made formal presentations before twenty nationally known business leaders and educators who served as judges.

Entitled "Free Needs Free Enterprise," the Harding entry included a report and a twelve foot by fifteen foot multi-media display that elaborated on a variety of sixty-five projects and programs which have been presented for civic, professional, and educational groups in the mid-South.

The competition results, combined with four regional first place finishes and an impressive second place finish the first year the nationals were held, firmly establishes Harding's Center as one of the premier organizations in the country that is effectively promoting economic enlightenment.

by
D. P. Diffine, Ph.D.

Presented to
The Association of Private Enterprise Education
Fifth Annual Conference
April 8, 1980

Private colleges and universities have, I think, a special opportunity and obligation to encourage appreciation of the freedoms on which this country is built. Our efforts have therefore been designed toward translating traditional values into practical education program.

The primary purpose of this presentation is to share with interested individuals and organizations the back-to-the-basics approach being taken by the Harding University Center for Private Enterprise Education to develop and implement an Economic Enlightenment Program.

We feel that we have created and sustained a near-unique greenhouse climate to develop a central depository, dispensary, and a variety of delivery systems — all of which help us effectively promote economic enlightenment.

As a private enterprise educator, an academic entrepreneur, I genuinely believe in emphasizing this particular area of economics that is neglected on most campuses today. Yes, there is an economic system based on individualism that literally develops all of the talents of all the people. Private enterprise is more than just a neutral concept; it is a worthwhile and attainable goal.

Harding University's Center for Private Enterprise Education, the happy issue of an improbable marriage between business and higher education, has therefore become a favorite **cause celebre** of our constituency since its inception.

Across the land, private enterprise education is experiencing a renaissance. The educational philosophy at Harding University — at least, so far as economic education is concerned — is to recognize the merits of

free, private enterprise and to evaluate the business community in the perspective of its achievements as well as shortcomings.

I believe that if our economy survives and flourishes, it will be due to a greater sense of objectivity among our opinion leaders, the reasoned arguments of business leaders, the unbiased research of economists, and the more responsible actions of educators and students.

IS PRIVATE ENTERPRISE WORTH PRESERVING?

We at Harding University did not invent free, private enterprise. However, we have challenged ourselves to come up with positive, non-partisan, objective, responsible ways to increase an awareness of the system in which a person is "free" to do anything he wants if he has the "enterprise" to do it.

Our goal, then, is to help each citizen to put a polish on his amateur status as an economist, because in a very real sense he is his own personal economist. Improve the understanding, and better attitudes will be a healthy byproduct.

Through the Center, we can tell our constituency that because of capitalism, they are something special; they have a chance to succeed or fail. Because of capitalism, man is an individual; he has dignity, and he has freedom of choice.

Conceived in the spirit of '76, the Harding University Center for Private Enterprise Education is basically staffed by student volunteers who have decided to be supporters of the system which supports them so well. We collect, write, and disseminate in a multimedia fashion private enterprise-related information.

The young people who make up the volunteer task force are pioneers in the mass communication of economics. However, they are not merely propagandists for the system. Their goal and the Center's goal is to assist people, both opinion leaders and the masses, to understand the facts of economic life. The result, we believe, will be a more responsible citizenry, and a more productive work force.

I'm not suggesting that we're engaged in a great battle between Darkness and Light. It is true that the American people know that we have a great economic system, but they don't know why. Therefore, the purpose of private enterprise education is to inform our people and remove some of the mysteries.

Our primary market (our customers) are students, teachers, alumni, friends of the University, business and civic groups, opinion leaders, the man-on-the-street, the clergy and elected representatives, media representatives — everybody.

Dr. Irving Kristol recently warned about what will happen if the relationship between morality and capitalism is forgotten:

To the degree that we fail to appreciate that capitalism involves educating young people to certain

standards of what is good, what is proper, what is desirable, until we begin to understand that that is what capitalism is, I think that economists, who at the moment are regarded as the prime defenders of capitalism, will yet end up making capitalism utterly defenseless before its enemies.

IS ECONOMIC EDUCATION ENOUGH?

The world is full of so many things . . . but judging from current hue and cry, it is mostly full of "economic illiterates." Therefore, in order to cure this catastrophic and newly discovered state of illness, an abundance of "economic education" programs, chairs and centers are bursting out all over.

On the one hand, that of sincere concern, this is great. But on the other hand, it's sad. Few are being groomed with proper academic credentials and sound business training to man these organizations.

The cure is not that simple. The remedy, according to many well-intentioned experts, is a good dose of technical economics (explain profit, capital investment, supply and demand), followed by a reasoned prescription for understanding the problems of business, and capped off with a spoonful of "what-nice-guys-the-businessman-really-is-once-you-get-to-know-him."

Let's take a closer look. First of all, most people don't think of themselves as economic illiterates and, therefore, don't appreciate having medicine forced down their throats.

Most people do have a general comprehension of basic economics: You have to have money to start a business; you won't get the money unless you have a product investors think will sell; you must make a profit to stay in business; and you have to be able to supply the demand you have generated.

Understanding technical economics doesn't necessarily result in an understanding of the working and desirability of a free market system. After all, one can learn how to run a profitable business and cope with many business problems by simply going to Washington for solutions — hardly a free market concept.

An understanding of technical economics does not enable one to understand such a value-oriented concept as: What, in a free market, should government's regulatory responsibilities be?

Further, in a desire to explain the virtues of a free market system many of these programs extol the virtues of the "American Economic System" as it exists today. Now, thinking people realize that we do **not** have a free market system — we have a **mixed** economy.

But most people think that we do have a free market system and, therefore, they blame all the problems and woes of our economic situation on the system of free, private enterprise. Economic education programs glorifying our system as it is today merely reinforce this myth.

Many of the current education programs forget two of the basic rules of the free, private enterprise system: (1) in order to communicate (sell) anything, you must first appeal to the self-interest of your potential consumer; and (2) you should make your communication alive, interesting, and avoid self-serving implications.

These last points are most important because obviously most people do not have a burning desire to understand either the “dismal science” of economics or the problems of business. But most people do have concerns about preserving freedom — their own individual freedom.

Thus, a basic premise of the free market system becomes the logical point on which to start countering economic illiteracy so far as the free market is concerned: Without economic freedom, personal freedom cannot long exist.

This has been the approach that we have taken, and it has proven to be successful. Everyone is interested in the preservation of his own personal freedom — “I want to be free to do my own thing, so long as I do not initiate force or fraud against another’s right to life, liberty, and property.”

By appealing to the self-interest of individuals, it is then possible to motivate the thought needed to understand that if personal freedom is to exist, then economic freedom must also.

Now that self-interest is involved, this self-interest — just as in productivity, creativity, and progress — will get the mental gears moving.

AWARENESS — THE FIRST STEP TOWARD SOLUTION

Free, private enterprise has been underdefended ideology. It is the greatest story never told. The American Economy has been called the 8th wonder of the world. But economic illiteracy about it has become the 9th wonder of the world.

Because our judgment can be no better than our information, we’re caught in a triple whammy of misinformation, little information, and no information. Look at the public opinion polls:

In all areas and in all the years of public opinion polling, the ignorance level of economic understanding ranks the highest (— Dr. George Gallup).

It is commonly believed that “I don’t want my life regulated, but it’s alright to regulate other people’s lives . . .” (— Campus Studies Institute Poll).

It is commonly believed by people today that the piper has been paid in full, and in advance (— Rand Youth Poll).

I believe that democracy stands in danger of collapsing around the practice of fiscal irresponsibility as the public gradually learns that a simple majority can vote money and programs for itself, erroneously believing all the time that it will be paid for by others.

“Free, private enterprise” is a term that is not well understood, and it is all too commonly misused. This is not only true in and out of the classroom, but also in and out of the business world. And, unless free, private enterprise is understood from the very beginning, then any economic education program is in danger of being based on some glaring misconcepts and half-truths.

Because economics is fraught with more fallacies and myths than any other discipline, defining “free, private enterprise” and taking a look at its track record is extremely important. This must be done on the front end of any program or project, or it is doomed to failure. One must do his homework if we’re going to truly be credible scholars.

Because our peers are looking for cultural reference points, we say that basically, a free, private enterprise system is simply the idea of freedom applied to the market place. Under such a system, the individual is “free” to make something out of himself if he has the “enterprise” to do it.

Perhaps today too many of us put too much emphasis on the “free” and too little emphasis on the “enterprise.” I tend to use interchangeably the terms “free enterprise” and “private enterprise.” “Free” merely explains “how” it is accomplished and “private” says “by whom” it is achieved.

For all of us, our judgment on any subject becomes no better than our information. Yes, if ignorance paid dividends, most of us could make a fortune on what we don’t know about economics. Although we should never underestimate the people’s wisdom, we should also never overestimate their knowledge. Let us also never forget that not all economic education is private enterprise education. Far from it.

STRATEGY — A MORAL DEFENSE

Joseph Schumpeter used to characterize the modern mixed economy as “capitalism in an oxygen tent.” My colleague Ben Rogge puts it this way:

The question before the house is not whether the survival of capitalism is in doubt; this is admitted. The question for us is, what to do? Perhaps all of us would feel more at ease as the diagnostician than as the therapist. Admittedly, diagnosis must usually precede therapy. Proper therapy usually rests upon proper diagnosis of the problem.

What is needed, then, is a polished strategy of a moral defense tying together both private property and personal liberty. They stand or fall together; and a delicate balance must be achieved between the private and public sectors, as we accept this challenge.

Responsible advocacy economics is needed to sell through principled arguments the belief that, historically, free, private enterprise has all the good arguments on its side. There is no alternative to capitalism that credibly promises wealth and liberty.

There must be candid portrayal that if free, private enterprise has its shortcomings, it also has its virtues. These virtues outweigh the possible benefits of alternative systems. Capitalism wins hands down in any comparison.

We must think and speak in terms familiar to those people they must reach; convince the public that what American capitalism has going for them is the best there is. Business managers, who may have had a good track record in the face of obstacles, must now do more than manage — they must also defend.

Although we need more business people who will say "I'll support it — you get it done," business will have to do more than relegate the cost of explaining themselves to the half-world of educational contributions and charity. The time has come for business to realize that costs of pollution abatement — both physical and intellectual — are part of doing business today. Harness some of the ingenuity that has given us the finest business system in the world.

Despite the antagonism between business and academia in our country, or perhaps because of it, the college and university campus remains the number one priority of those who wish to repulse the ideological assault on private enterprise.

The answer lies not in business cutting of its support of academia, but in even greater support toward certain specific ends. We must help provide answers to the public's questions concerning our economic system and way of life. We must make private enterprise education one of the nation's top priorities.

It must not be said that American business can sell anything except its most important product — itself. The most important thing in America today to the safety and well-being of every American is solvent, healthy American businesses. An ounce of initiative sometimes produces a pound of profit.

Businessmen have an opportunity to help mobilize public opinion toward an outcome in which government and business each attend to their respective roles. This is a difficult and high-sounding goal. But it is one that can be based on common sense economics.

PASS THE WORD — IT'S A GREAT SYSTEM!

We can no longer just claim that capitalism is some kind of God-given dispensation. We can with reason and good conscience argue that the market economy and limited constitutional government stand or fall together because both are deeply rooted in the nature of man.

It has become quite fashionable to proclaim the inevitability of the demise of our system. Such a philosophy is a convenient escape. For if there is not hope, we are not obligated to do anything. In fact, there is no real reason for pessimism. We have human talents on our side. We have money and economic power on our side, and most important, we have history on our side.

The fate of capitalism, seemingly now in the balance, may be determined by how well those who understand and appreciate it support it when it is under criticism. Let each work and speak and give all possible support to freedom in the marketplace and free enterprise throughout the nation.

The legacy of economic illiteracy is a pervasive one. A massive re-education task awaits us. Free, private enterprise is simply the freedom applied to the marketplace. This idea has rarely been taught.

I submit to you that in the final analysis, the marketplace, despite its shortcomings, in the finest calibrated, most effective regulator of the speed and direction of our highly successful economic system. We have committed ourselves to preserving a free market economy. Hopefully, if we all do our part, the day will never come when it will be a total misnomer to call our economic system "free."



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